

Message Text

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ACTION EUR-12

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R 261600Z MAY 78
FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 545
AMEMBASSY OTTAWA
AMCONSUL QUEBEC

UNCLAS MONTREAL 1053

E.O. 11652: NA
TAGS: EINV, EMIN, CA
SUBJECT: ASBESTOS LEGISLATION PASSED

REF: MONTREAL 977

1. BILL, 70, WHICH AUTHORIZES QUEBEC GOVERNMENT TO FORM A PUBLICLY-OWNED COMPANY TO BUY CONTROL OF ASBESTOS CORP. AND TO PARTICIPATE IN JOINT VENTURES FOR ASBESTOS PROCESSING, WAS PASSED MAY 23 BY QUEBEC'S NATIONAL ASSEMBLY. BILL HAD BEEN FILIBUSTERED FOR SEVERAL MONTHS BY LIBERAL OPPOSITION IN NATIONAL ASSEMBLY, AND PQ WAS FINALLY FORCED TO INVOKE CLOTURE TO BRING BILL TO VOTE. BILL PASSED BY 58 TO 28 MARGIN.

2. NEXT STEP IN ASBESTOS SCENARIO IS FOR GOVERNMENT AND GENERAL DYNAMICS TO COMPLETE THEIR EVALUATIONS ON WORTH OF ASBESTOS CORP. SO THAT NEGOTIATIONS CAN BEGIN. WHILE FINDINGS HAVE NOT YET BEEN ANNOUNCED, THERE ARE REPORTS (REFTEL) THAT GENERAL DYNAMICS' EVALUATION COULD GO AS HIGH AS DOLS 300 MILLION. SOURCES WITHIN INDUSTRY HAVE ALSO TOLD US THAT THEY BELIEVE THERE IS NOW SOME DIVISION WITHIN PQ RANKS AS TO BEST MENAS OF
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PROCEEDING WITH PROGRAM FOR GOVERNMENT'S ENTRY INTO ASBESTOS FIELD. PROBLEM PRESUMABLY ARISES FROM CONCERN OVER PROBABLE COST OF GOVERNMENT'S INVOLVEMENT AND DIFFICULTIES ASSOCIATED WITH INCREASING EMPLOYMENT OPPORTUNITIES IN PROCESSING ACTIVITIES. WHILE IT MAY BE WISHFUL THINKING, INDUSTRY APPARENTLY HOPES THAT GOVERNMENT'S GROWING AWARENESS OF PROBLEMS WILL PROVIDE OPPORTUNITY TO WORK OUT ARRANGEMENTS MORE FAVORABLE TO PRIVATE

INTERESTS.

3. TO SHOW THAT GOVERNMENT, HOWEVER, WAS ON RIGHT TRACK, MINISTER OF NATURAL RESOURCES YVES BERUBE ANNOUNCED TWO PROJECTS FOR PLANTS WHICH HE SAID ARE EXPECTED TO DOUBLE QUEBEC PROCESSING PRODUCTION WITHIN THREE YEARS. (ONLY 3 PERCENT OF QUEBEC'S ASBESTOS PRODUCTION IS NOW PROCESSED WITHIN PROVINCE.) FIRST PROJECT IS A JOINT VENTURE TO MAKE ASBESTOS FELT INVOLVING GOVERNMENT, DOMCO INDUSTRIES, AND PAPIERS CASCADES. BERUBE SAID THAT PROJECT, WHICH WILL UTILIZE SECTION OF OLD WAYAGAMAC PLANT DONATED TO GOVERNMENT BY CONSOLIDATED BATHURST, WILL REQUIRE INITIAL INVESTMENT OF DOLS 4 MILLION AND WILL CREATE ABOUT 45. JOBS. CAPACITY OF PLANT WILL BE 40,000 TONS, WITH POSSIBILITY OF ANNUAL PRODUCTION, ACCORDING TO BERUBE, REACHING 25,000 TONS WITHIN FEW YEARS. DETAILS ON SECOND PROJECT WERE NOT RELEASED.

4. LAST YEAR WE REPORTED (MTL 522) ON RESEARCH AT UNIVERSITY OF SHERBROOKE TO EXTRACT MAGNESIUM FROM ASBESTOS WASTES. PROVINCIAL GOVERNMENT HAS ANNOUNCED THAT FIRST POUNDS OF MAGNESIUM FROM ASBESTOS TAILINGS HAVE NOW BEEN PRODUCED AND THAT GOVERNMENT WILL CONTINUE TO FUND PILOT PROJECT UNTIL FALL, WHEN DECISION WILL BE MADE AS TO WHETHER TECHNOLOGY IS COMMERCIALY FEASIBLE. MINISTER OF NATURAL RESOURCES BERUBE SAID THAT AN UNNAMED US COMPANY HAS SHOWN INTEREST IN PARTICIPATING IN PROJECT IF TESTS PROVE MAGNESIUM CAN BE EXTRACTED COMPETITIVELY.

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